

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT

September 2004

Summary

Revenue collections slumped in September, falling by 3.2 percent. Most of the monthly decline was attributable to weak motor vehicle sales. On a year-to-date basis, growth is up 2.6 percent. The Governor's Advisory Board of Economists will meet in October as the first step in assessing the strength of the Virginia economy over the next biennium.

Motor Fuels Tax (excluding PTF Fuels Tax Revenue)

Motor Fuels Tax collections fell by 1.7 percent in September. Annual collections through the first three months of fiscal year 2005 are up 2.2 percent.

Prices for gasoline have increased recently in response to higher crude oil costs, and gasoline inventories shifted toward the lower end of their normal range at the end of September from the upper end of their normal range in August. High current and projected crude oil costs suggest that large reductions in average gasoline prices are unlikely anytime soon.

Motor Vehicle Sales and Use Tax

Vehicle sales declined sharply in September, falling by 11.2 percent. Collections in this source are up 0.3 percent for the year.

Although employment growth has weakened in recent months, it is expected to resume in coming months. This will provide sustained support for sales even as interest rates inch up. Incentive spending will remain high as well although vehicle manufacturers are raising pre-incentive prices. Finally, sales may be juiced in coming months by the introduction of 2005 model year vehicles. Offsetting these effects is the possibility that demand is spent-up due to buying ahead of the interest rate hikes.

State Retail Sales Tax

The transportation portion of the State Retail Sales Tax increased by 6.6 percent in September. Collections in this source are up 7.7 percent in fiscal year 2005.

Motor Vehicle Licenses

Motor Vehicle Registration transactions increased slightly in September. Collections of \$14.0 million were a little above the \$13.7 million collected last September. Motor vehicle license receipts are down 2.4 percent for the year.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Summary Statement of Revenue Estimates & Collections
For the Fiscal Years 2004 and 2005
(Dollars in Thousands)

Revenue	FY 2005 Estimate	As a % of Total Fund	September			Year-To-Date			% Annual Growth Required By Estimate
			FY 2005	FY 2004	% Change	FY 2005	FY 2004	% Change	
Motor Fuel Taxes	\$860,500	28.51	\$71,655	\$72,884	(1.7)	\$149,846	\$146,585	2.2	1.7
Priority Transportation Fund	20,000	0.66	2,000	2,000	0.0	2,000	2,000	0.0	0.0
Motor Vehicle Sales and Use Tax	600,200	19.90	53,712	60,479	(11.2)	162,297	161,791	0.3	(0.6)
State Sales and Use Tax	417,500	13.84	37,578	35,258	6.6	90,278	83,847	7.7	0.6
Motor Vehicle License Fees	146,700	4.86	14,007	13,685	2.4	41,751	42,760	(2.4)	(9.9)
International Registration Plan	61,500	2.04	1,819	3,385	(46.3)	8,312	8,117	2.4	13.2
Interest Earnings	15,400	0.51	(39)	0	-	(138)	5	#	44.3
Misc. Taxes, Fees, and Revenues	18,600	0.62	2,352	1,477	59.2	7,498	4,949	51.5	(13.0)
Total State Taxes and Fees	\$2,140,400	70.94	\$183,084	\$189,168	(3.2)	\$461,844	\$450,054	2.6	0.3

Percentage is greater than 1,000%.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Statement of Revenue Estimates & Collections
For the Fiscal Years 2004 and 2005
(Dollars in Thousands)

Revenue	FY 2005 Estimate	As a % of Total Fund	September			Year-To-Date			% Annual Growth Required By Est
			FY 2005	FY 2004	% Change	FY 2005	FY 2004	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$733,700	24.31	\$64,473	\$61,169	5.4	\$130,729	\$123,299	6.0	0.8
Motor Vehicle Sales and Use Tax	385,800	12.79	35,065	38,645	(9.3)	104,956	103,276	1.6	(0.8)
Motor Vehicle License Fees	125,400	4.15	12,385	11,994	3.3	36,705	37,419	(1.9)	(11.8)
International Registration Plan	61,500	2.04	1,819	3,385	(46.3)	8,312	8,117	2.4	13.2
Misc. Taxes, Fees, and Revenues	18,600	0.62	2,352	1,477	59.2	7,498	4,949	51.5	(13.0)
Total State Taxes and Fees	<u>\$1,325,000</u>	<u>43.91</u>	<u>\$116,094</u>	<u>\$116,670</u>	<u>(0.5)</u>	<u>\$288,200</u>	<u>\$277,060</u>	<u>4.0</u>	<u>(0.7)</u>
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$872	\$1,104	(21.0)	\$4,514	\$2,374	90.1	(100.0)
Transfer (to) / from Transportation Trust Fund	<u>\$244,600</u>	<u>8.11</u>	<u>\$24,461</u>	<u>\$0</u>	<u>-</u>	<u>\$146,053</u>	<u>\$20,177</u>	<u>623.9</u>	<u>329.9</u>
Total Highway Maintenance and Operating Fund	<u>\$1,569,600</u>	<u>52.02</u>	<u>\$141,427</u>	<u>\$117,774</u>	<u>20.1</u>	<u>\$438,767</u>	<u>\$299,611</u>	<u>46.4</u>	<u>11.7</u>
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$126,800	4.20	\$7,182	\$11,715	(38.7)	\$19,117	\$23,286	(17.9)	7.3
Priority Transportation Fund	20,000	0.66	2,000	2,000	0.0	2,000	2,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	214,400	7.11	18,647	21,834	(14.6)	57,341	58,515	(2.0)	(0.4)
State Sales and Use Tax	417,500	13.84	37,578	35,258	6.6	90,278	83,847	7.7	0.6
Motor Vehicle License Fees	21,300	0.71	1,622	1,691	(4.1)	5,046	5,341	(5.5)	3.8
Interest Earnings	15,400	0.51	(39)	0	-	(138)	5	#	44.3
Total State Taxes and Fees	<u>\$815,400</u>	<u>27.03</u>	<u>\$66,990</u>	<u>\$72,498</u>	<u>(7.6)</u>	<u>\$173,644</u>	<u>\$172,994</u>	<u>0.4</u>	<u>2.0</u>
Other Revenues:									
Federal Grants and Contracts	\$764,800	25.35	\$95,380	\$103,411	(7.8)	\$164,364	\$211,856	(22.4)	19.7
Receipts from Cities/Counties	43,700	1.45	6,919	4,382	57.9	13,493	14,863	(9.2)	37.9
Toll Revenues (Includes Route 28)	62,900	2.08	13,113	7,822	67.6	26,331	16,357	61.0	(15.6)
Miscellaneous Revenues	5,500	0.18	2,903	559	419.3	14,787	4,396	236.4	(70.0)
Total Other Revenues	<u>\$876,900</u>	<u>29.06</u>	<u>\$118,315</u>	<u>\$116,174</u>	<u>1.8</u>	<u>\$218,975</u>	<u>\$247,472</u>	<u>(11.5)</u>	<u>14.8</u>
Transfer (to) / from Highway Maintenance and Operating Fund	<u>(\$244,600)</u>	<u>(8.11)</u>	<u>(\$24,461)</u>	<u>\$0</u>	<u>-</u>	<u>(\$146,053)</u>	<u>(\$20,177)</u>	<u>(623.9)</u>	<u>(329.9)</u>
Total Transportation Trust Fund	<u>\$1,447,700</u>	<u>47.98</u>	<u>\$160,844</u>	<u>\$188,672</u>	<u>(14.7)</u>	<u>\$246,566</u>	<u>\$400,289</u>	<u>(38.4)</u>	<u>(3.9)</u>
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND									
	<u>\$3,017,300</u>	<u>100.00</u>	<u>\$302,271</u>	<u>\$306,446</u>	<u>(1.4)</u>	<u>\$685,333</u>	<u>\$699,900</u>	<u>(2.1)</u>	<u>3.6</u>

Percentage is greater than 1,000%.